SCSglobal SERVICES

Setting the standard for sustainability™

Carbon Offsets and Verification

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About SCS Global Services

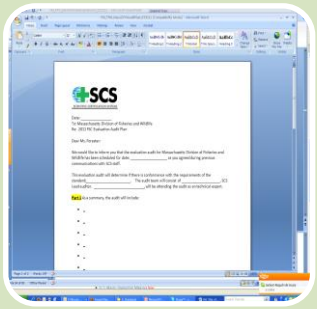
- Founded in 1984
- Benefit Corporation
- Specializes in third-party environmental certification, auditing, testing, and standards development

C.A.F.E. Practices

Why do we need verification?

- Assure integrity of environmental claims
- Ensure integrity of the market
- Provide independence: financial incentives create conflicts of interest

It’s All About Evidence



Saw it

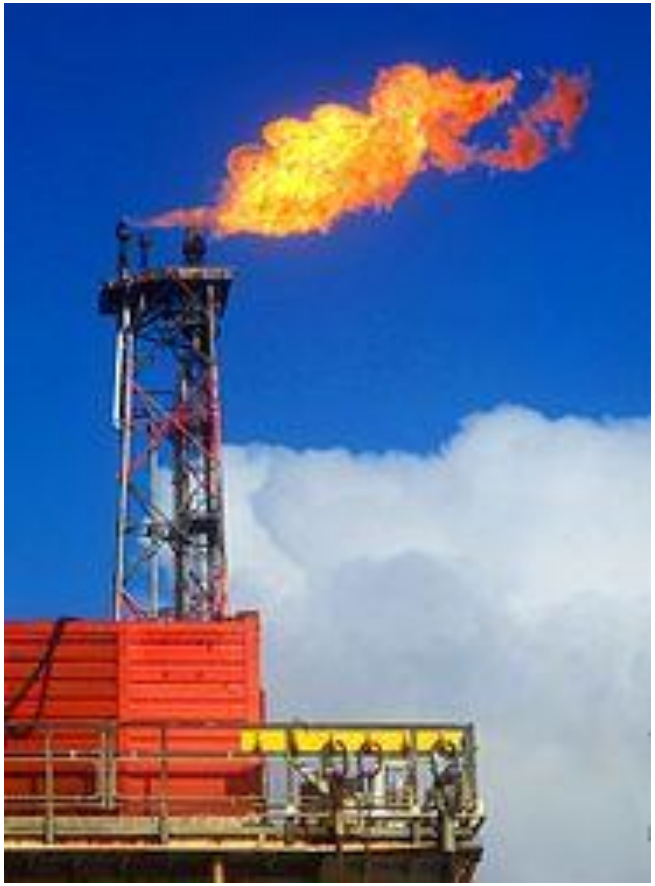
“Witnessed during the visit of the River’s Edge site.”

Heard it

“Confirmed by interviews with regional foresters and biologists”

Read it

“Stated in Project Documentation on page 2.”



Verification Overview

Validation and Verification

- Validation and verification: independent third party assurance that GHG reductions are real, permanent, verifiable, accurate, and conservative
- Validation: Occurs at the beginning of any project and determines that methodological and design elements of project comply with the Registry
- Verification: The periodic ex-post assessment by an accredited VB of the GHG emission reductions and removals that have occurred as a result of the project during the monitoring period, conducted in accordance with the Registry rules
- Validation and Verification can occur simultaneously. For credits, verification must occur

Verification Overview

Rationale: to ensure consistency and credibility of GHG data

Goal: assess conformance to applicable standards and chosen methodologies (e.g. VCS, Gold Standard, CAR, ACR, ARB)

Process: audit consisting of desk and field assessment activities (risk-based sampling approach)

Result: verifier will develop *verification report* and *verification opinion* outlining results of audit and number of carbon credits to be issued

Deliverables: Clear, transparent audit trail with evidence to support conclusions

*Note: verifiers **cannot consult** for the same project they verify (limited to generic advice and outlining of deficiencies)*

Stages of a Verification Audit

- Administrative beginnings
- Kick-off meeting
- Desk review
- Site visit
- Findings
- Verification report and statement
- Credit issuance

*Note: verifiers **cannot consult** for the same project they verify (limited to generic advice and outlining of deficiencies)*

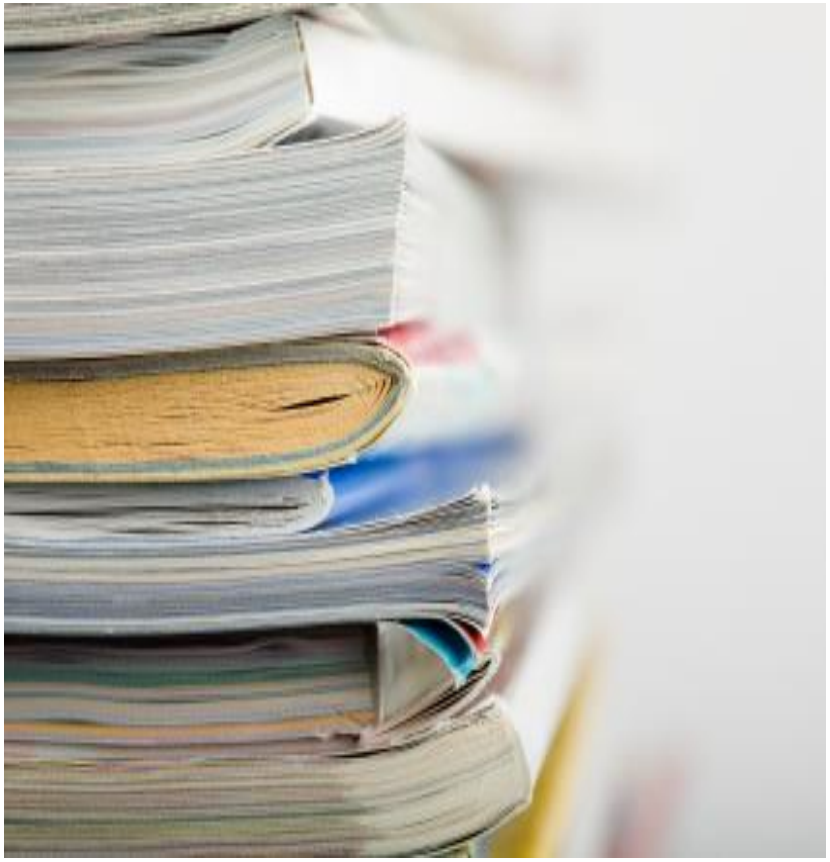
Verification Steps

- Getting Started
  - Contracts, Bids
- Conflict of Interest Assessment
  - Scheme approval
- Project Kick-off
  - Meeting with audit team
  - Review the scope of work, assessment process, and timelines
  - Set expectations for both sides
  - Discuss safety for site visit

Verification Steps

Desk Review

- Review project documentation
- Assess conformance with applicable standards and methodologies
- Sampling plan and risk assessment
- Data and calculation checks
- Develop the audit plan for the site visit



Verification Steps

Site Visit

- Opening Meeting
  - Discuss audit plan & scope
  - Interview relevant personnel
  - Review management plan and protocol
- Site reconnaissance
  - Assessment of project activities
  - Ensure conformance to project plan, monitoring, and applicable standards

Verification Steps

- Findings
  - Issued by audit team
  - Iterative process
  - Closing findings necessary to produce verification opinion

Verification Steps

Issuing a Verification Report and Verification Opinion

- Adherence to requirements
- Extensive documentation and data trail
- High stakes consequences of errors/omissions—failure to detect

Technical Review

- Conducted by a Lead Verifier
- Audit oversight
- Technical and quality check of the verification process
- Come to same conclusion of verification team

Verification Steps

Issuing Report and Statement

- You will have a chance to review the verification opinion and report

Scheme Submittal

- Verification Report and Statement are submitted to Scheme
- Review and comments
- Project Approval

CREDIT ISSUANCE!

Lessons Learned –Makings of a Successful Project

Top 5 Problems and Shortcomings

- Lack of preparedness, documentation, evidence or experience
- Failure to budget adequately for validation/verification
- Carrying out measurement/monitoring tasks to a lower standard of quality than is needed for carbon projects
- Failure to obtain clear right of use or land title, or to consider GHG Program-specific rules pertaining to title
- Failure to adequately engage local communities in project design/implementation

Lessons Learned: Invest in Success

- Be prepared: It will save you time and money
- Aim for high technical quality: project development, documentation, and implementation
- Understand the protocols, in detail, and ask for clarification
- Replication is key- make it easy on the auditor as they must replicate your steps in order to sign off on your project
- Be ready to show “evidence”
- As needed seek and obtain written guidance from the standards body

Thank you!

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